

Toronto Islands Residential Community Trust Corporation



ANNUAL REPORT for 2010-2011

**Ministry of
Municipal Affairs
and Housing**

Office of the Minister

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TO THE LIEUTENANT GOVERNOR
OF THE PROVINCE OF ONTARIO

MAY IT PLEASE YOUR HONOUR:

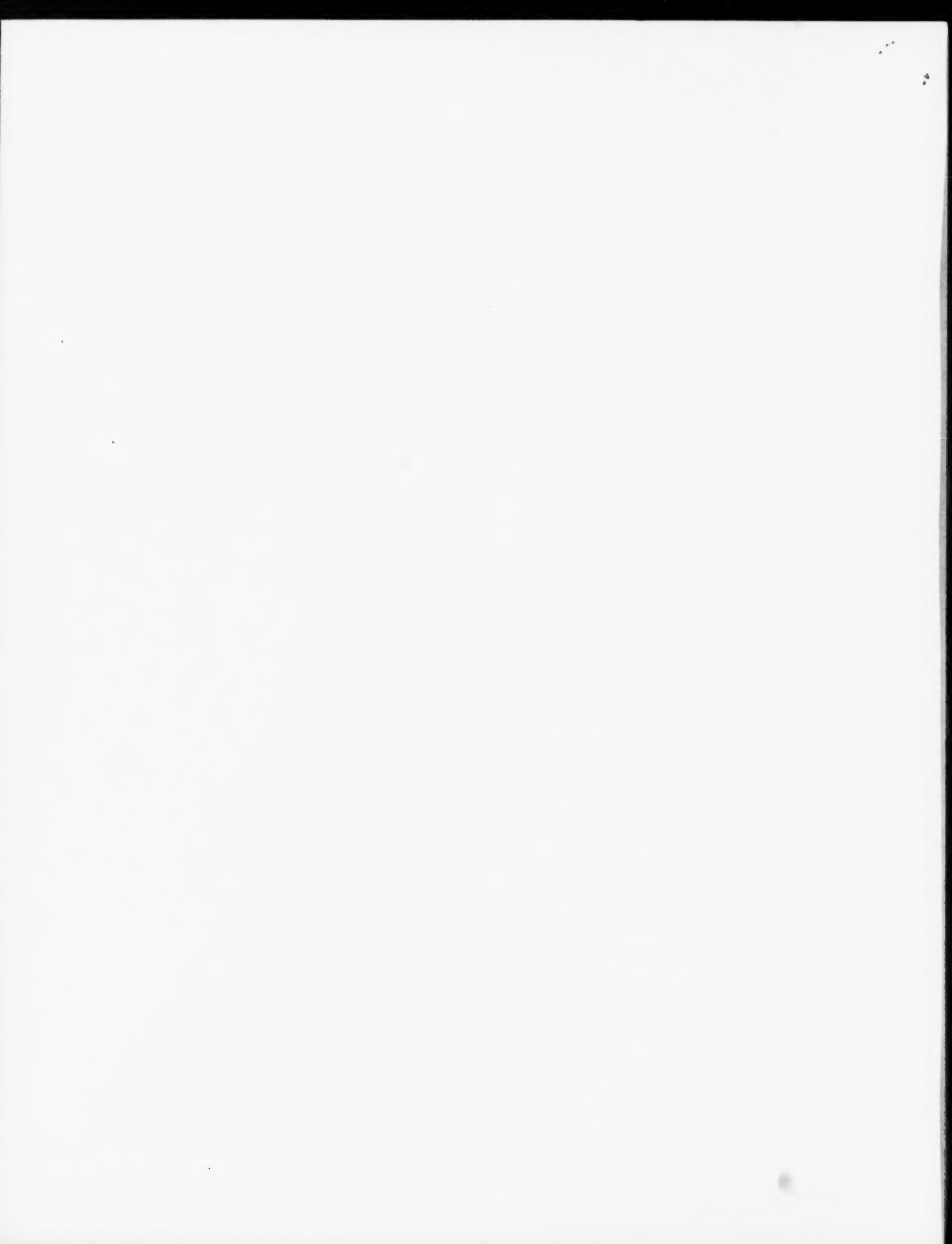
For the information of Your Honour and the Legislative Assembly, I am presenting the *Annual Report* and audited financial statement of the Toronto Islands Residential Community Trust Corporation for the fiscal year 2010/2011.

Respectfully submitted,

A handwritten signature in cursive script, reading "Rick Bartolucci".

Rick Bartolucci, MPP, Sudbury

Minister





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TO THE HONOURABLE RICK BARTOLUCCI
MINISTER OF MUNICIPAL AFFAIRS AND HOUSING

MINISTER:

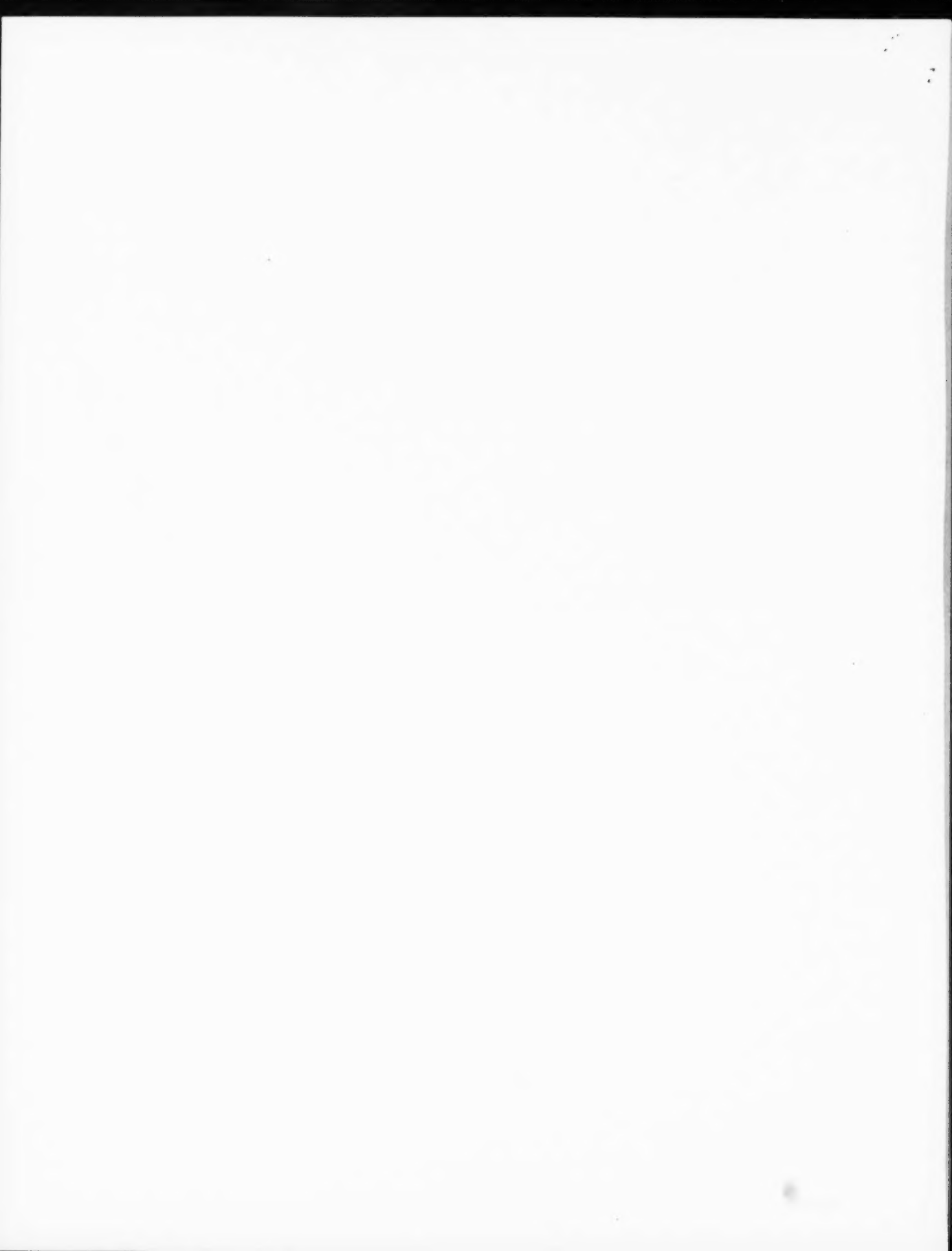
On behalf of the Corporation and the Board of Directors, I am pleased to present a copy of the Toronto Islands Residential Community Trust Corporation's Annual report, together with its audited financial statement, for the fiscal year 2010--2011.

Respectfully submitted,

Ellen Vera Allen

Chair

Toronto Islands Residential Community Trust Corporation



2010-2011 ANNUAL REPORT

Toronto Islands Residential Community Trust Corporation

The Trust's Mandate

The Toronto Islands Residential Community Trust Corporation (hereafter "the Trust") was established in December, 1993 to manage the land and buildings associated with the Island community, on behalf of the Island residents and the general public. Under the *Toronto Islands Residential Community Stewardship Act, 1993*, residents of Ward's and Algonquin Islands are able to hold title to their homes, and lease the lots on which their houses stand, for a period of up to 99 years. The Trust is also charged with maintaining the Purchasers' List, managing the Trust's finances, and managing its six community buildings for the benefit of the public as well as the community.

The Board of Directors

The Trust's Board of Directors is appointed by the Lieutenant Governor in Council on an annual basis. It consists of four directors who are Ontario Public Service appointees and two directors who are Island residents (as chosen by the Island community at large). Two new members joined the Board in 2010-11 to replace two outgoing members.

Board appointees in 2010-11 were:

Board Member	Original appointment date	Appointment expiry date	Appointee of
Ellen Allen Chair	July 29, 2005	July 28, 2011	Island Resident appointee
Kiloran McRae Secretary, to July 28 2010	July 29, 2007	July 28, 2010	Island Resident appointee
Stephen Cooper Secretary, from July 29, 2010	July 29, 2010	July 28, 2011	Island Resident appointee
Allister Walsh Vice-Chair, to July 28, 2010	July 29, 2006	July 28, 2010	Ontario Public Service appointee
Dawn Herrera Vice-Chair, from July 29, 2010	July 29, 2008	July 28, 2011	Ontario Public Service appointee

Geoffrey Gladdy Treasurer	July 29, 2006	July 28, 2011	Ontario Public Service appointee
Judith Pike	July 29, 2009	July 28, 2011	Ontario Public Service appointee
Susan Wang	July 29, 2010	July 28, 2011	Ontario Public Service appointee

Purchasers' List / Sales Process

Under the Act, the Trust is required to create a waiting list for potential purchasers of Island homes and land leases. This Purchasers' List, first established in 1994, can include a maximum of 500 names. The List is reopened whenever vacancies on the list total 5% or more of the 500. Names are added to the List by way of a lottery draw conducted by an independent firm. The List was last opened in November, 2009, when 31 available spaces were filled from the 503 applications received.

An average of 2 to 3 homes a year are sold. Since the establishment of this process in 1994, a total of 50 island homes and leases have been sold.

Current Business

Board Meetings

Board meetings in 2010-11 were generally held on a monthly basis (9 in total). Meetings are open to the public, and members of the Toronto Island Community Association (TICA) regularly attended them. The Board approved its budget on June 8, 2010.

Community Meetings

Four community meetings were held during the year.

- The first, on May 13, 2010 was used to have a presentation on G20 Security measures..
- The second, on June 8, 2010 was used to introduce the budget for fiscal year April 1, 2010 to March 31, 2011.
- The third on September 30, 2010, presented the proposed new Memorandum of Understanding between the Trust and the Minister of Municipal Affairs and Housing, for community discussion. Both Board and Ministry representatives explained the requirement for this document, reviewed its contents, and took suggestions for revisions.
- The fourth, on February 27, 2011 included a presentation of the audit for the prior financial year by a representative of the auditing firm of Clarke Henning.

Financial Performance

The audit of the Trust's financial statements for the prior financial year (2009-10) was presented to the community on February 27, 2011. It found the Trust to be financially sound. The Finance Committee met to review the audit. Audited financial statements were made available to community members on request. A copy of the 2010-11 audited financial statements are attached to this Annual Report.

The new budget introduced in June 8, 2010 confirmed that the business of the Trust would continue to be financed by a levy on the leaseholders, property rentals, administrative fees and investment income, with a small increase in the levy.

The Trust received no provincial, municipal or outside funding to support its operations save and except a federal program to hire a summer student.

The Board will address future financial needs in a strategic planning exercise to begin in the coming year (2011-12).

How We Did: Measuring the Trust's Performance

The Board considers that it carried out the work it was required to do during the course of the year. It will, however, begin establishing more specific performance measures and targets for evaluating how well it is fulfilling its mandate in a strategic planning exercise planned for 2011-12. This is a requirement of the government's new agency reporting rules.

House and Lease Sales

There were no house sales during the 2010-11 fiscal year.

Public Benefits

Creation of the Island community has resulted in benefits to the public at large. The residents are conscientious and responsible stewards not only of the Trust lands and buildings, but of the surrounding park as well. They contribute many volunteer hours towards this.

The community has developed an excellent working relationship with the City Parks, Forestry and Recreation service to protect environmentally sensitive areas and replenish island tree stock. The community has participated in annual beach clean-ups and shoreline revitalization, and has consulted with various government agencies regarding preservation and enhancement of natural habitats in the park.

Trust Buildings

Community buildings, vested in the Province and managed by the Trust, are maintained for the benefit of the public as well as the community. These buildings and facilities provide venues for such programs as the Toronto Island Canoe Club and Camp and the Ward's Island Association lawn bowling, tennis and soccer camps and leagues. These are open to all City of Toronto residents. Buildings are available for special functions, such as weddings, for a nominal cost. Buildings have been preserved where historically significant, notably the Old Fire Hall and the Ward's Island Association Clubhouse, chiefly through volunteer efforts.

Administrative Arrangements

The Trust office has typically been staffed by an administrator, on a three day per week basis, who is responsible for on-going Board operations and for contact with the public and community. The administrator is available to the public by telephone, fax, e-mail, or by dropping into the office. Over the 2010-11 fiscal year, due to staffing changes, the Trust office was primarily staffed through a Temporary Service Agency.

To assess ongoing administrative staffing needs for the Trust's Corporate Office, and at the request of the Board, the Ministry of Municipal Affairs and Housing contracted Parker Management Consulting Inc. to provide options and recommendations. Useful and relevant options were outlined by the consulting firm, that will, if implemented in the coming fiscal year, give the Board flexibility to staff Trust operations in a way that best suits the Board's needs and the Trust's financial constraints.

After careful review, the Board decided to proceed with one of the options – the hiring of two part-time employees, one to fulfill the function of Administrator, the other to provide office support.

The Board will recruit for these positions in the 2011-12 fiscal year.

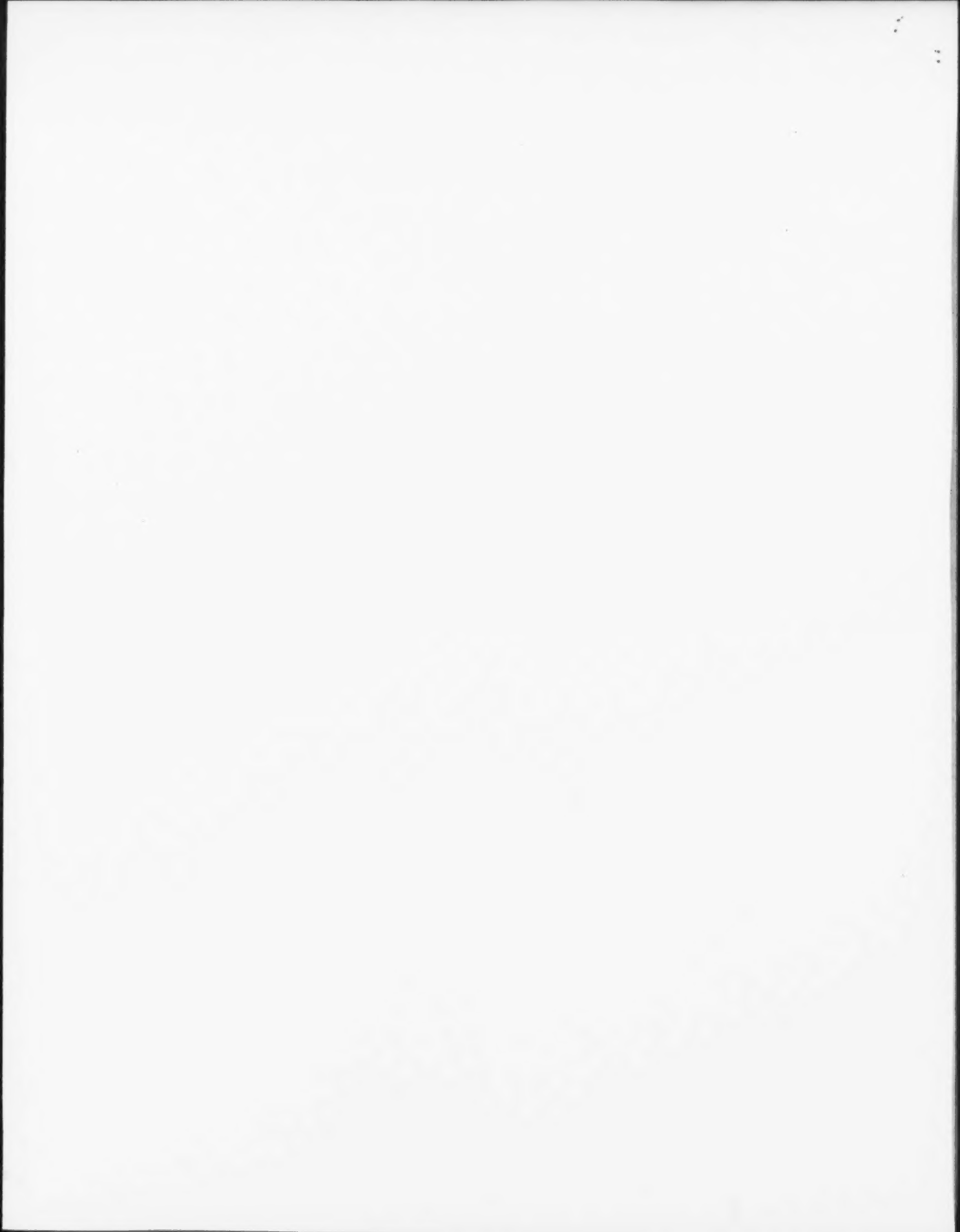
Communication Activities

A website is updated regularly with information about both Trust and Island activities. It is at:

<http://torontoisland.org/LandTrust/tabid/119/Default.aspx>.

Attachment:

Audited Financial Statements



**TORONTO ISLANDS RESIDENTIAL
COMMUNITY TRUST CORPORATION**

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

Independent Auditor's Report	Page 1
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

Report on the Financial Statements

We have audited the accompanying financial statements of Toronto Islands Residential Community Trust Corporation (the "Trust"), which comprise the statement of financial position as at March 31, 2011, and the statement of revenues and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

In accordance with the Corporations Act (Ontario), we report that the Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Toronto, Ontario
August 30, 2011

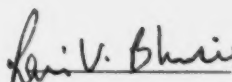
Clarke Henning LLP

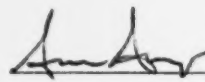
CHARTERED ACCOUNTANTS
Licensed Public Accountants

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	2011	2010
ASSETS		
Current assets		
Cash	\$ 1,661	\$ 85,302
Short term investments (note 3)	221,606	150,035
Accounts receivable	86,649	86,177
Amount held in trust re lease transfer	10,098	5,000
	<u>320,014</u>	<u>326,514</u>
Property and equipment (note 4)	577,964	601,194
	<u>897,978</u>	<u>927,708</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	28,536	29,781
Payable to City of Toronto re lease transfer	10,098	5,000
	<u>38,634</u>	<u>34,781</u>
Unamortized capital contribution	536,784	565,540
	<u>575,418</u>	<u>600,321</u>
NET ASSETS		
Reserve for contingencies (note 7)	218,070	213,070
Reserve for capital expenditure and major repairs	25,000	25,000
Reserve for office expenses	5,000	5,000
Unappropriated balance (note 6)	74,490	84,317
	<u>322,560</u>	<u>327,387</u>
	<u>\$ 897,978</u>	<u>\$ 927,708</u>

Approved on behalf of the Board:

 Director

 Director

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED MARCH 31, 2011

	2011	2010
Revenues		
Operating levy	\$ 59,816	\$ 58,702
Purchaser list fees and renewals	12,766	21,385
Administration fees	2,300	2,400
Rental income	15,399	14,020
Interest income	4,279	2,035
Other	7,584	8,062
	102,144	106,604
Expenses		
Depreciation expense - net (note 5)	4,842	3,320
Heating and electricity	9,608	950
Insurance	17,757	12,026
Legal and audit	12,000	12,631
Office and general	32,645	13,506
Repairs and maintenance	4,181	6,369
Salaries and benefits	25,938	46,364
	106,971	95,166
Excess (deficiency) of revenues over expenses for the year	\$ (4,827)	\$ 11,438

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2011

	<i>Reserve for Contingencies</i>	<i>Reserve for Capital Expenditures and Major Repairs</i>	<i>Reserve for Office Expenses</i>	<i>Unappropriated Balance</i>	<i>Total</i>	
					<i>2011</i>	<i>2010</i>
Balance - at beginning of year	\$ 213,070	\$ 25,000	\$ 5,000	\$ 84,317	\$ 327,387	\$ 315,949
Excess (deficiency) of revenues over expenses for the year	-	-	-	(4,827)	(4,827)	11,438
Transfer to (from) reserves (note 7)	5,000	-	-	(5,000)	-	-
Balance - at end of year	\$ 218,070	\$ 25,000	\$ 5,000	\$ 74,490	\$ 322,560	\$ 327,387

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2011**

	2011	2010
Cash flows from operating activities		
Cash receipts from residents and others	\$ 97,393	\$ 103,580
Interest income	2,708	-
Cash paid to employees and suppliers	(103,374)	(113,085)
	(3,273)	(9,505)
Cash flows from investing activities		
Purchase of property and equipment	(10,368)	(1,809)
Purchase of short-term investment	(144,000)	(74,000)
Sale of short term investment	74,000	-
	(80,368)	(75,809)
Change in cash during the year	(83,641)	(85,314)
Cash and cash equivalents - at beginning of year	159,302	244,616
Cash and cash equivalents - at end of year	75,661	159,302
Cash and cash equivalents consist of:		
Cash	1,661	85,302
Short term investments - maturing within three months	74,000	74,000
	\$ 75,661	\$ 159,302

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

1. PURPOSE AND ORGANIZATION

Toronto Islands Residential Community Trust Corporation (the "Trust") was incorporated without share capital by The Toronto Islands Residential Community Stewardship Act of the Ontario Legislature. The Trust is to manage certain land and buildings on Toronto Islands for the benefit of the residential community on the islands and the public.

The Trust is managed by a board of not more than fifteen directors appointed by the Lieutenant Governor in Council.

The Province of Ontario has leased to the Trust, until December 15, 2092, all of the residential area on Toronto Islands. The Trust has leased to the owners of individual houses the land on which their houses are situated for a period ending December 15, 2092, under the terms and conditions set out in the legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Cash and short term investments are classified as held for trading and are stated at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable are classified as other financial liabilities which are measured at amortized cost.

Revenue Recognition

The Trust's operating levy is recognized as revenue during the year to which the levy applies, purchaser list fees are recognized when received and administration fees from sale of land leases are recognized when the land lease agreement is concluded.

Rental, interest and other income are recorded as revenue when they are earned.

Short Term Investments

Short term investments consist of guaranteed investment certificates and are recorded at cost plus accrued interest which approximates fair value.

Property and Equipment

The land lease of the residential area on Toronto Islands is recorded at nominal value. All other property and equipment are recorded at cost, or where cost is not determinable, at estimated replacement cost. Depreciation is provided over their estimated useful life on a straight line basis at the following annual rates:

Leasehold interest in buildings and building improvements	- 2.5%
Furniture and equipment	- 10%-25%

Amortization of Capital Contributions

The Province of Ontario's contribution of a leasehold interest in the non-residential buildings in the area managed by the Trust is being amortized and brought into income on a straight line basis over 40 years, being the expected useful lifetime of the buildings.

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserves

The Trust maintains reserves for capital expenditure and major repairs, contingencies and for office expenses as Board-designated allocations out of net assets.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. SHORT TERM INVESTMENTS

Details of short term investments are as follows:

Face Value		Fair Value	
		2011	2010
\$ 74,000	Guaranteed Investment Certificate, 2.10%, due June 29, 2011	\$ 75,171	\$ 75,171
72,000	Guaranteed Investment Certificate, 2.32%, due July 27, 2012	73,130	-
72,000	Guaranteed Investment Certificate, 2.70%, due July 29, 2013	73,305	-
74,000	Guaranteed Investment Certificate, 1.55%, due June 10, 2010	-	74,864
		\$ 221,606	\$ 150,035

In all cases, cost, as set out above, approximates fair value. The return on current year investments is about 2.30% (1.95% in 2010).

4. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2011	2010
Land lease	\$ 1	\$ -	\$ 1	\$ 1
Leasehold interest in buildings	1,150,248	613,465	536,783	565,539
Furniture and equipment	36,662	28,510	8,152	1,583
Building improvements	41,731	8,703	33,028	34,071
	\$ 1,228,642	\$ 650,678	\$ 577,964	\$ 601,194

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

5. DEPRECIATION OF PROPERTY AND EQUIPMENT

Net depreciation expense for the year is calculated as follows:

	2011	2010
Furniture and fixtures	\$ 2,051	\$ 2,051
Computer equipment	1,748	226
Building improvements	1,043	1,043
Leasehold interest in buildings	28,756	28,756
Less amortization of capital contribution	(28,756)	(28,756)
	\$ 4,842	\$ 3,320

6. NET ASSETS - UNAPPROPRIATED BALANCE

Included in the unappropriated balance of net assets is an amount invested in property and equipment. Changes in this amount during the year are as follows:

	2011	2010
Balance - at beginning of year	\$ 35,654	\$ 37,165
Property and equipment purchased	10,368	1,809
Amortization of property and equipment less amortization of deferred capital grants	(4,842)	(3,320)
Balance - at end of year	\$ 41,180	\$ 35,654

7. NET TRANSFER TO (FROM) RESERVES

During the 2002 fiscal year, the Trust's Board established a reserve for contingencies. It is the Board's intention to transfer to this reserve each year an additional amount representing interest earned on the reserve balance in order to avoid erosion of purchasing power of the reserve due to inflation. In accordance with this policy, an additional amount of \$5,000 was transferred in the 2011 fiscal year (\$4,000 in 2010).

8. FINANCIAL INSTRUMENTS

The Trust's financial instruments consist of cash and short term investments, accounts receivable and accounts payable. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Management estimates that the fair value of the financial instruments approximates their carrying values.

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

9. GUARANTEES AND INDEMNITIES

The Trust has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Trust has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Trust has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Trust agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Trust. The maximum amount of any potential liability cannot be reasonably estimated.

10. CAPITAL MANAGEMENT

The Trust considers its net assets to be its capital. The Trust's objective when managing capital is to ensure that it has sufficient resources to carry out its objects. The Trust manages and adjusts its capital in response to general economic conditions, working capital requirements and the risk characteristics of the underlying assets and budgets its operations on a break-even basis to preserve its capital.

11. RECENT CANADIAN ACCOUNTING PRONOUNCEMENTS

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) has approved the incorporation of the standards set out in Part III of the CICA Handbook (Handbook) as the accounting standards applicable to not-for-profit organizations. First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. A not-for-profit organization that prepares its financial statements in accordance with this Part of the Handbook states that they have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. A not-for-profit organization applying this Part of the Handbook also applies the standards for private enterprises in Part II of the Handbook to the extent that the Part II standards address topics not addressed in this Part.

Management is in the process of assessing the impact of these standards on its financial statements.